



U.S. Department of Justice

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PRESS RELEASE

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Accountant Convicted of Mortgage Fraud, Conspiracy, Identity Theft and Obstructing a Grand Jury Investigation

WASHINGTON - Gregory L. McCormick, 56, of Silver Spring, Maryland, was convicted today by a jury in the U.S. District Court of the District of Columbia on charges of conspiracy, bank fraud, wire fraud, aggravated identity theft, and obstruction of justice.

The verdict was announced by U.S. Attorney Ronald C. Machen Jr., Principal Deputy Assistant Attorney General John A. DiCicco of the Department of Justice's Tax Division, Rebecca A. Sparkman, Special Agent in Charge of the Internal Revenue Service-Criminal Investigation, and U.S. Department of Commerce Inspector General Todd J. Zinser.

McCormick is scheduled to be sentenced on September 19, 2011 before the Honorable Ricardo M. Urbina. At sentencing, McCormick faces a mandatory sentence of two years' incarceration for the aggravated identity theft conviction, to be served consecutive to any other sentence imposed. With respect to the other charges, McCormick could be facing an additional 41 to 51 months of incarceration under the federal sentencing guidelines. Judge Urbina ordered McCormick held without bond pending sentencing.

The government's evidence at trial established that McCormick, who at the time was working as an accountant with the Bureau of Economic Analysis within the U.S. Department of Commerce, assisted Nathan Peake with his personal and business financial affairs. Peake, a professional sports manager, had not filed personal income tax returns or paid taxes for the years 2000 through 2007.

On February 12, 2008, McCormick and Peake learned that Peake was under grand jury investigation for income tax evasion. During his first interview with IRS Special Agents through his grand jury appearance, McCormick falsely represented his role in Peake's financial affairs and failed to produce all of the records in his possession responsive to two subpoenas. When specifically questioned about the existence of additional records, McCormick deliberately misled the grand jury to believe he had produced all records within his custody and control. After his

grand jury appearance, boxes of records were seized from his home and government office, as well as hundreds of e-mails and documents retrieved from his government computer.

In addition to the obstruction of justice charge, the jury convicted McCormick for conspiring with Peake and others to obtain multiple mortgages for two residential properties owned by Peake in Maryland. Unable to obtain conventional mortgages for a number of reasons, including excessive debt and his inability to produce legitimate income tax documentation, McCormick prepared false loan applications and assisted in the submission of a fabricated letter from an actual certified public accountant that falsely indicated Peake had filed federal income tax returns. Within six months of obtaining the fourth mortgage, Peake had defaulted on these loans. The false CPA letter formed the basis for the aggravated identity theft conviction.

McCormick no longer works at the Commerce Department.

On March 17, 2011, Peake pled guilty to one count of income tax evasion and one count of conspiracy to commit bank and wire fraud. Peake, 40, of Silver Spring, Maryland, agreed that the tax loss exceeded \$1,000,000 and faces a maximum prison sentence of 10 years when he is sentenced before Judge Urbina on August 2, 2011. Another individual, William Hart, III, 49, of Maryland, also pled guilty to the bank and wire fraud conspiracy and testified for the government at trial. He, too, will be sentenced before Judge Urbina at a later date.

In announcing the guilty verdicts, U.S. Attorney Machen, Principal Deputy Assistant Attorney General DiCicco, IRS Special Agent in Charge Sparkman, and Department of Commerce Inspector General Zinser commended IRS Special Agents James Greczek and Christine Morrison and Department of Commerce OIG Special Agent Jacob Heminger.

They also noted the assistance of Special Agents Karen Briscoe, Thomas Wade Grant and Cary Chappel. In addition, they commended Paralegal Specialists Tasha Harris from the U.S. Attorney's Office and Lauren Jaffe from the Tax Division, Legal Assistant Jared Forney and Assistant U.S. Attorney Susan Menzer and Department of Justice Trial Attorney Sean Delaney, who prosecuted the case.

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